



Zimbabwe Economic  
Policy Analysis and  
Research Unit



# **Synopsis of COVID 19 Situation and Policy Responses in Zimbabwe**

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# Introduction



- ◆ Paper provided a brief overview of emerging challenges and extent of the pandemic;
- ◆ Policy responses adopted by Government to slow the spread of the pandemic;
- ◆ Pathways through which the Covid-19 induced challenges undermined economic performance
- ◆ Policies being implemented by Government to promote economic recovery;
- ◆ Concluded with some reflections on what more could be done to stimulate economic growth within the context of the more vicious second wave of the pandemic.

# Extent of the Pandemic in the Country



- ◆ Total number of confirmed cases were 1820; recovered 488, active cases 1306 and 26 deaths as at 21 July 2020;
- ◆ As at 28 January 2021 Zimbabwe's COVID 19 confirmed cases were 32, 304 and 1,122 deaths;
- ◆ The increase in deaths during second wave COVID 19 deaths and infections rates raised concern with regards to the impact of the pandemic on the country's human capital and the economy;
- ◆ As of 31 March 2021, Zimbabwe had now recorded 36 882 Cases; 34 686 recoveries and 1523 Deaths-see [http://www.mohcc.gov.zw/index.php?option=com\\_phocadownload&view=category&id=15&Itemid=742](http://www.mohcc.gov.zw/index.php?option=com_phocadownload&view=category&id=15&Itemid=742) .

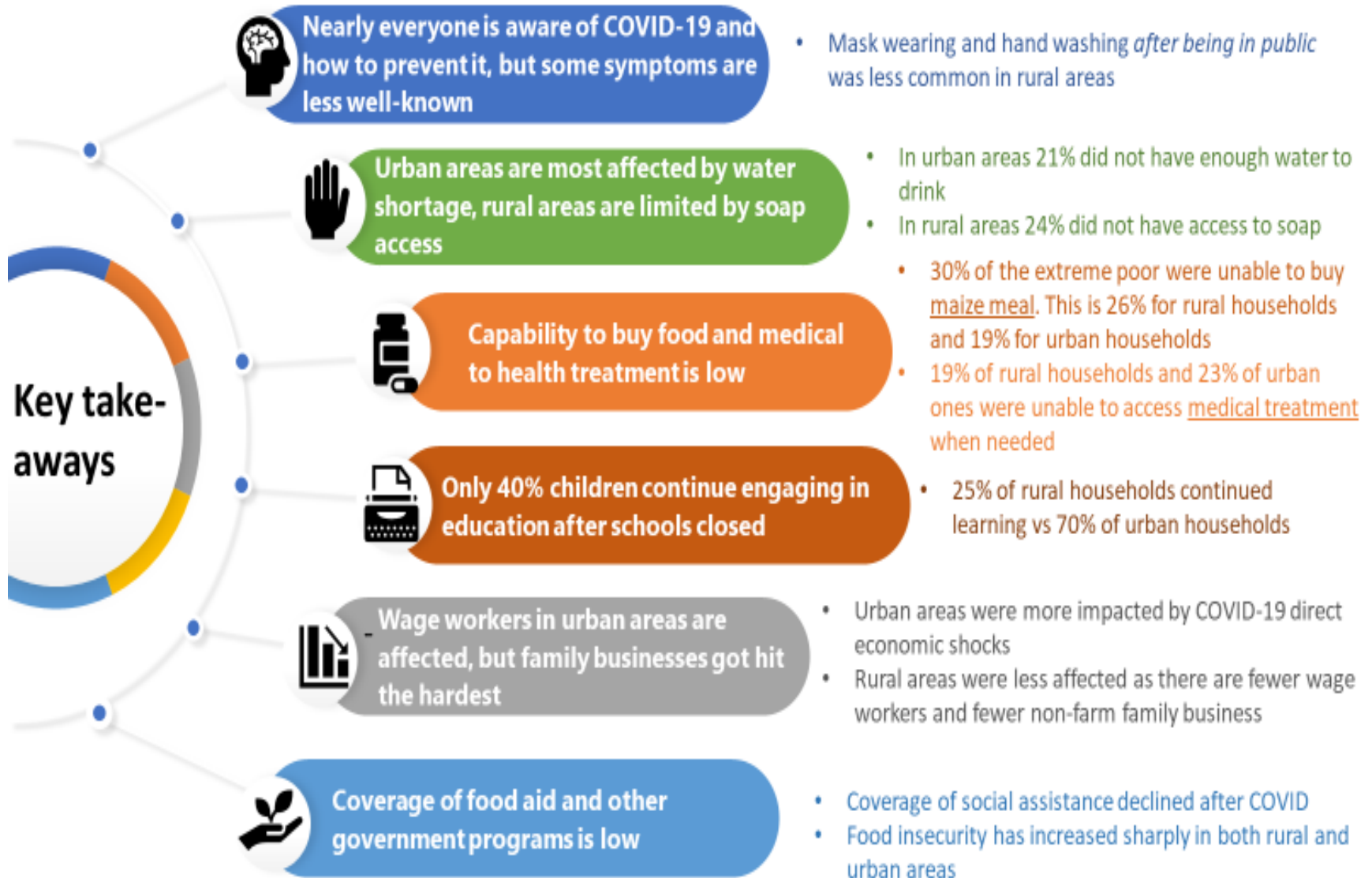
# COVID 19 Induced Economic Challenges



- ◆ Disruptions in local and regional value/supply chains- leading to subdued economic activities and multiple shocks to business- i.e. drop in demand, and disruptions to supply of input, raw material and merchandize for resale;
- ◆ COVID 19 induced challenges were a stress test:
  - on the resilience of the productive capacity of economy;
  - government's capacity to respond timeously to the pandemic;
  - adequacy of the financial resource base to provide stimulus packages and
  - safety nets for the vulnerable groups;
- ◆ COVID-19 induced challenges came at time when the economy was already facing the devastating impacts of climatic shocks associated with drought and Cyclone Idai.



# Key Findings from ZIMSTAT (2020) Rapid PICES



## Impact on key industries and supply chains



- ◆ Severity of the COVID-19 pandemic on the mining sector was counterbalanced by- firming international mineral prices and supportive measures under the Stimulus Package;
- ◆ Chrome ore and ferrochrome most affected in terms of both output and price compression and contracted by minus 4.7% in 2020;
- ◆ Most of the mining houses (70%) expected that their employment levels will be maintained at 2020 levels, while 20% of the mining houses expected to increase employment, and 10% expect to reduce employment (ZCM 2021 Outlook);
- ◆ 80% of the companies surveyed were failing to access both source and export markets ( CZI Snap Survey 23-30 March 2020);
- ◆ Five months of closure (between April and August 2020) of some tourism facilities to reduce the spread of the virus adversely affected the sector's performance and recovery;
- ◆ Lockdown period was associated with increases in food prices, decrease in dietary diversification, elevated stress, disrupted diet and consumption patterns (Matsungo et.al. 2020).

# Policy Responses adopted by Government



- ◆ Reprioritizing budget allocations and re-purposing staff to respond to the pandemic with support from private sector and development partners;
- ◆ Policy & legislative measures (SIs) adopted focused on:
  - Limiting human-to-human transmission, including to health personnel i.e. lockdown restrictions adopted to “flatten the infection curve”; restrictions on public gatherings, business operating hours, travel etc;
  - Early identification, isolation and care for patients-i.e. mandatory wearing of masks and social distancing;
  - Risk communication and community engagement;
  - Narrowing knowledge gaps in disease transmission, prevention and treatment-awareness campaigns; and
  - Minimizing social and economic impact- i.e. ZWL\$18.2 billion stimulus package; designation of some sectors as essential services;
  - Waiver of the value added tax payable by domestic tourists on accommodation and other tourism related services .

# Policy Responses adopted by Government



- ◆ Government has instituted policy measures to reduce inflation tax; consolidate and contain fiscal expenditures; enhance fiscal revenue collection; enhance financial sector stability and management of money supply and adopted of the foreign exchange auction system in June 2020;
- ◆ Measures stabilised exchange rates, anchored inflation expectations and slowed down the increase in prices witnessed before June 2020 and improved foreign exchange allocations;





## Reflections on what more could be done

- ◆ Mobilising of resources to further capacitate the health system- i.e. augmenting diagnostic and laboratory capacities of national health facilities;
- ◆ Support local industries with capacity to produce basic food stuffs; pharmaceuticals, personal protective equipment (PPE) – i.e. through Universities Innovation Hubs etc;
- ◆ Exploring alternative options to mobilise funding to procure and roll out the COVID 19 vaccine programme;
- ◆ Revival of industry and commerce required in depth diagnosis of impact of COVID 19 on specific Value Chains;

# Conclusion



- ◆ COVID-19 pandemic reinforced the need to boost capacity of productive sectors in particular local manufacturing - i.e. production of essential medicines and medical supplies including personal protective equipment (PPE);
- ◆ This would facilitate pushing the economy on a high economic growth projectile consistent with country's Vision of becoming an upper middle economy by 2030;
- ◆ Further, sectorial/value chain diagnostic studies, monitoring the effects of Covid-19 and effectiveness of policy responses and assessment of policy options and strategies will ensure that the implementation of the Industrialisation agenda remains on course;
- ◆ Diagnostic studies will also assist in the identification of policy options, impactful areas of intervention; restoration and strengthening of value and supply chains disrupted by the COVID 19 pandemic- and inform the process of building back/forward better.

## Conclusion (Cont)



- ◆ Re-configuring of strategies and investment priorities in digital/online technologies/platforms- for business continuity; enhance service delivery and mainstreaming work from home as a new normal;
- ◆ Potential changes in the work environment as production processes are automated to limit human interactions- at a time when policy thrust is to create more jobs;
- ◆ All these dynamics require more innovative approaches and partnerships and knowledge sharing on how best to cope with COVID 19 pandemic which has shown strong staying power.